

Message Text

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PAGE 01 NAIROB 13347 081231Z
ACTION PM-05

INFO OCT-01 AF-10 ISO-00 SSO-00 INRE-00 NSCE-00 SP-02
SS-15 CIAE-00 INR-10 NSAE-00 ACDA-12 L-03 AID-05
TRSE-00 OMB-01 HA-05 IO-13 MCE-00 /082 W
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O 081155Z SEP 78
FM AMEMBASSY NAIROBI
TO SECSTATE WASHDC IMMEDIATE 354
INFO SECDEF WASHDC/OSD/ISA IMMEDIATE

C O N F I D E N T I A L N A I R O B I 1 3 3 4 7

E.O. 11652: GDS
TAGS: MASS, KE
SUBJECT: FY 78 FMS CREDIT

REF: NAIROBI 13290

1. CONTRARY TO INFO RE TIMING SUPPLIED SEPTEMBER 7 (REFTEL),
I JUST RECEIVED LETTER DATED SEPTEMBER 8 SIGNED BY MOD
PERMSEC KIEREINI REQUESTING \$12 MILLION FMS CREDIT FOR
HELICOPTER PROGRAM.

2. FULL TEXT LETTER FOLLOWS:

BEGIN QUOTE

DEAR MR. AMBASSADOR:

THE GOVERNMENT HAS COMPLETED ITS INITIAL REVIEW
OF THE DEPARTMENT OF STATE/DEFENSE SURVEY TEAM REPORT AND
WISHES TO INFORM THE UNITED STATES GOVERNMENT THAT IT SEEKS
ITS ASSISTANCE IN IMPLEMENTATION OF SOME OF THE RECOMMENDA-
TIONS CONTAINED IN THE REPORT.

SPECIFICALLY, THE KENYAN GOVERNMENT REQUESTS A FMS
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LETTER OF OFFER FOR 32 HUGHES 500 M-D HELICOPTERS
PLUS ASSOCIATED ARMAMENTS, SUPPORT, SPARES, AND
TRAINING, 21 OF WHICH WILL BE EQUIPPED WITH THE TOW
ANTI-TANK MISSILE. IN ORDER TO INITIATE AN EARLY
TRAINING PROGRAMME, WE REQUEST EXPEDITED DELIVERY OF
11 HELICOPTERS WITH THE UNDERSTANDING THAT THEY WILL BE
SHIPPED IN THE 500 D CONFIGURATION TO BE SUBSEQUENTLY

CONVERTED TO THE 500 M-D CONFIGURATION. IT IS OUR UNDERSTANDING FROM GENERAL HILL'S PRESENTATION THAT APPROVAL FOR OUR FORMAL REQUEST FOR HUGHES HELICOPTERS EQUIPPED WITH TOW MISSILE WILL REQUIRE NOTIFICATION TO THE UNITED STATES CONGRESS AND APPROVAL BY PRESIDENT CARTER.

THE GOVERNMENT OF KENYA FURTHER REQUESTS THAT THE UNITED STATES GOVERNMENT CONDUCTS THE COMMAND AND CONTROL SURVEY DESCRIBED IN ALTERNATIVE A, PHASE 1 OF THE REPORT, WHICH WE UNDERSTAND WOULD BE A CONTINUATION OF THE SURVEY ACTIVITY BEGUN BY MAJOR GENERAL HILL.

THE KENYAN GOVERNMENT GREATLY APPRECIATES THE UNITED STATES GOVERNMENT'S OFFER OF \$12 MILLION IN FMS CREDITS OF FY 78 FUNDS. WE UNDERSTAND THE LOAN AGREEMENT FOR THIS AMOUNT WOULD BE SIMILAR TO THE ONE WE SIGNED IN DECEMBER 1977. WE FURTHER UNDERSTAND THAT THE LOAN CALLS FOR THE PRINCIPAL TO BE REPAYED IN 17 APPROXIMATELY EQUAL, SEMI-ANNUAL PAYMENTS OF \$706,000, COMMENCING SEPTEMBER 15, 1980. THE INTEREST PAYMENTS WOULD BE REPAYED SEMI-ANNUALLY BEGINNING MARCH 15, 1979. THE DISBURSEMENT PERIOD OF THE LOAN WOULD END 24 MONTHS AFTER SIGNATURE OF THE LOAN AGREEMENT. WE UNDERSTAND THE DEPARTMENT OF DEFENSE WILL GUARANTEE SUCH A LOAN FOR WHICH THE GOVERNMENT OF KENYA WILL PAY A GUARANTY FEE OF \$30,000 FROM ITS OWN RESOURCES. WE FURTHER UNDERSTAND THAT THE CONFIDENTIAL

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LOAN AGREEMENT MUST BE SIGNED BY SEPTEMBER 29, 1978 IF THE \$12 MILLION FMS CREDIT IS TO BE AVAILABLE. IN ORDER TO EXPEDITE MATTERS WE INTEND TO AUTHORIZE OUR AMBASSADOR IN WASHINGTON TO SIGN THE LOAN AGREEMENT ON BEHALF OF THE KENYAN GOVERNMENT AS WELL AS THE PROMISSORY NOTE AND ANY OTHER RELEVANT DOCUMENTS.
YOURS SINCERELY,

(J.G. KIEREINI)
PERMANENT SECRETARY

END QUOTE.

3. PLEASE NOTE REQUEST FOR COMMAND AND CONTROL SURVEY AS :CONTINUATION OF THE SURVEY ACTIVITY BEGUN BY MAJOR GENERAL HILL" IMPLIES THIS ACTIVITY WOULD BE FULLY FUNDED BY U.S. GOVERNMENT AS WAS HILL SURVEY.

4. WOULD APPRECIATE EXPEDITIOUS FORWARDING FOR CONGRESSIONAL AND PRESIDENTIAL APPROVAL OF HELICOPTER PACKAGE. WOULD ALSO APPRECIATE PROMPT NOTIFICATION OF KENYAN EMBASSY, WASHINGTON.
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